



November 2017

Designing an equitable remuneration policy

What is a remuneration policy?

A policy on remuneration may include: an approved course of action and/or principles related to remuneration matters such as remuneration negotiations, remuneration scales, remuneration benchmarks, as well as details of how pay is set, structured, reviewed and communicated.

Benefits of a remuneration policy

All organisations, regardless of size, benefit from a remuneration policy, whether remuneration is set by award, enterprise agreement or common law contract.

Benefits include:

- consistency in remuneration-related decisions
- transparency in the process for setting remuneration
- employee satisfaction as they know how remuneration is set and what assistance is available
- guidance and support for managers when determining remuneration decisions
- guidance and support for managers on avoiding bias
- contributes to a sound and effective risk management plan.

Benefits of gender pay equity in your remuneration policy

- Organisations are required to report to the Workplace Gender Equality Agency on whether they have a formal remuneration policy or strategy, and if specific gender pay equity objectives are included. This information is publically available in the [public reports](#) on the WGEA website.
- Organisations with 500 or more employees are required to have gender pay equity included in their formal policy and/or strategy to fulfil the [minimum standards](#), set by the Minister.
- The inclusion of specific pay equity objectives in a formal remuneration policy or strategy is a pre-requisite for an organisation to be named a WGEA Employer of Choice for Gender Equality.

Leading practice remuneration policies:

- Include gender pay equity objectives, such as reduction and elimination of like-for-like gender pay gaps¹
- are available to all employees
- are consistently applied across the organisation
- are communicated to all managers with responsibility for performance reviews and remuneration decisions.

Incorporating gender pay equity objectives into a remuneration policy can assist an organisation to:

- provide market-competitive remuneration to attract, motivate and retain highly skilled employees
- drive a culture where financial rewards are directly linked to employee contributions and performance
- ensure all reward decisions are made free from bias and support diversity
- improve organisational performance
- obtain outcomes that reflect commercially responsible decisions on remuneration.

Features of a gender-equitable remuneration policy

Gender pay equity objectives may vary depending on where an organisation is on the pay equity journey. Key features that an organisation may include in its remuneration policy include:

- A statement that the organisation is committed to gender pay equity including:
 - ✓ regular analysis
 - ✓ monitoring
 - ✓ communication and improvements (where required).
- A commitment to conduct a gender payroll analysis¹ at least every two years – analysis should identify like-for-like gaps, by-level gaps and organisation-wide gaps.
- A commitment to develop targets to reduce like-for-like, by-level and organisation-wide gender pay gaps each year until gender pay equity is reached.
- An explicit statement on where accountability for pay equity lies, including:
 - ✓ roles and responsibilities of people managers, human resources officers and employees in the remuneration process
 - ✓ whether there is a remuneration review committee.
- The remuneration assessment model includes details on the organisation's process for determining appropriate remuneration at:
 - ✓ commencement
 - ✓ promotion
 - ✓ lateral transfer.
- Annual remuneration review.
- A list of components of remuneration: fixed and variable.
- An overview of the remuneration structure:
 - ✓ employees on common law contracts
 - ✓ enterprise agreements and awards.
- An outline on how key performance indicators (KPIs) are set for performance based pay, including
 - ✓ how performance is assessed against KPIs
 - ✓ how performance ratings are reviewed in the organisation.
- An outline of the criteria for attraction and retention payments, bonuses, and other forms of discretionary pay.
- An outline of the process for reviewing commencement salaries for women and men, and the requirement for documenting reasons where higher commencement salaries are set.
- A list of the factors that influence remuneration such as individual performance, company performance, market position, internal relativities, global consistency, and local market conditions.
- An outline of the process for including employees on parental leave in annual salary reviews.
- An outline of the process for correcting pay inequities when discovered.
- Details of the remuneration approval process and appeals process.
- An outline of the non-salary elements of reward such as job challenge, personal development, and career opportunities.



For more information on gender pay equity:

- [Workplace Gender Equality Agency and the Data Explorer](#)
- [Department of Social Services](#)
- [Fair Work Ombudsman](#)
- [Fair Work Commission](#)

¹ Refer to the guide to pay equity for further details on the pay equity journey www.wgea.gov.au/addressingpayequity.